

**STATE OF MICHIGAN
DEPARTMENT OF ENERGY, LABOR AND ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION**

Before the Commissioner of the Office of Financial & Insurance Regulation

In the Matter of:

**Waterstone Mortgage Corporation
1133 Quail Court
Pewaukee, WI 53072
License Nos.: FL-0011096; SR-0012244**

Enforcement Case No: 08-5639

Eric Egenhoefer, President

Respondent

**STIPULATION TO ENTRY OF CONSENT ORDER
AND CONSENT ORDER REQUIRING COMPLIANCE
AND PAYMENT OF CIVIL FINES**

STIPULATION TO ENTRY OF THE CONSENT ORDER

Waterstone Mortgage Corporation (Respondent) and the Office of Financial and Insurance Regulation ("OFIR") stipulate to the following:

1. On or about October 7, 2008, OFIR served Respondent with a Notice of Opportunity to Show Compliance ("NOSC") alleging that Respondent violated provisions of the Mortgage Brokers, Lenders, and Servicers Licensing Act ("MBLSLA"), 1987 PA 173, as amended, MCL 445.1651 *et seq.*, and the Secondary Mortgage Loan Act ("SMLA"), 1981 PA 125, as amended, MCL 493.51 *et seq.*
2. The NOSC contained allegations that Respondent violated the Act, and set forth the applicable laws and penalties which could be taken against Respondent.

3. Respondent exercised its right to an opportunity to show compliance at an informal conference on December 22, 2008.

4. OFIR and Respondent have conferred for purposes of resolving this matter and determined to settle this matter pursuant to the terms set forth below.

5. The Chief Deputy Commissioner of OFIR has jurisdiction and authority to adopt and issue this Consent Order, pursuant to the Michigan Administrative Procedures Act ("MAPA"), MCL 24.201 *et seq.*, the MBLSLA, and the SMLA.

6. At all pertinent times, Respondent was licensed with OFIR as a mortgage broker and lender pursuant to the MBLSLA.

7. At all pertinent times, Respondent was registered with OFIR as a mortgage broker and lender pursuant to the SMLA. Respondent surrendered its mortgage broker and lender registration under the SMLA on or about December 8, 2008.

8. Based upon the allegations set forth in the NOSC and communications with Respondent, the following facts were established:

a. In Respondent's 2006 licensee's and registrant's annual report, Respondent indicated that during 2006 there was a sale, transfer, assignment, or conveyance of more than 25% of its ownership interest.

b. OFIR's investigation into the matter found that Respondent did in fact transfer more than 25% of its ownership interest. Consequently, Respondent's sale, transfer, assignment, or conveyance of more than 25% of its ownership interest also transferred its mortgage broker and lender license and secondary mortgage broker and lender registration. However, Respondent failed to obtain the Commissioner consent prior to transferring its license and registration, in

violation of Section 9 of the MBLSLA, MCL 445.1659, and Section 13 of the SMLA, MCL 493.63.

c. Subsequent to learning that Respondent had transferred its mortgage broker and lender license and secondary mortgage broker and lender registration prior to obtaining the Commissioner's consent, OFIR staff sent correspondence to Respondent requesting Respondent to provide information necessary to seek the Commissioner's approval of the transfer of its license and registration. However, Respondent failed to timely provide said information and, consequently, violated Section 24(2)(d) of the SMLA, MCL 493.74(2)(d), and Section 22(g) of the MBLSLA, MCL 445.1672(g).

9. Respondent agrees that it will pay to the state of Michigan, through OFIR, a civil fine in the amount of \$500. This fine will be paid on or before 30 days from the date of entry of this Order.

10. Respondent agrees that it shall cease and desist from any and all violations of the Act.

11. Both parties have complied with the procedural requirements of the MAPA and the Act.

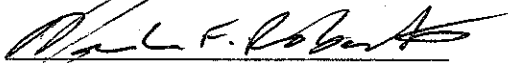
12. Respondent understands and agrees that this Stipulation will be presented to the Chief Deputy Commissioner for approval. The Chief Deputy Commissioner may in his sole discretion, decide to accept or reject the Stipulation and Consent Order. If the Chief Deputy Commissioner accepts the Stipulation and Consent Order, Respondent waives the right to a hearing in this matter and consents to the entry of the Consent Order. If the Chief Deputy Commissioner does not accept the Stipulation and Consent Order, Respondent waives any objection to the Commissioner holding a formal administrative hearing and making his decision after such hearing. Respondent has had an

opportunity to review the Stipulation and Consent Order and have the same reviewed by legal counsel.

13. The failure to abide by the terms and conditions of this Stipulation and Consent Order may, at the discretion of the Chief Deputy Commissioner, result in further administrative compliance actions.

14. The Chief Deputy Commissioner has jurisdiction and authority under the provisions of the MAPA, MBLSLA, and SMLA to accept the Stipulation and Consent Order and to issue a Consent Order resolving these proceedings.

Office of Financial & Insurance Regulation



By: Marlon F. Roberts
Staff Attorney

2-13-09
Dated

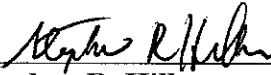
CONSENT ORDER

Issued and entered
on 2-18-09
by Stephen R. Hilker,
Chief Deputy Commissioner

Based on the Stipulation set forth above, IT IS ORDERED that:

1. Respondent shall CEASE and DESIST from violating Sections 9 and 22 of the MBLSLA, and Sections 13 and 24 of the SMLA.
2. Respondent shall pay to the state of Michigan, through OFIR, a civil fine in the amount of \$500. The fine shall be paid on or before 30 days of the date of entry of this Order.
3. Respondent shall comply with all Bulletins and Rules issued by the Commissioner of OFIR pertaining to the brokering, origination, closing, and servicing of mortgage loans.
4. Respondent shall maintain a program to monitor and assure compliance with all state and federal laws and regulations pertaining to the brokering, origination, closing, and servicing of mortgage loans. Respondent shall educate its officers and employees involved in the brokering, origination, and closing of mortgage loans on all applicable state and federal laws and regulations.
5. The program shall include the immediate designation of a compliance officer. The compliance officer's responsibility is to ensure that Respondent is in compliance with all applicable state and federal laws. Respondent shall provide written notification to OFIR of the compliance officer's name and business address. Respondent's written notice designating a compliance officer shall accompany the payment of a civil penalty as provided for in Paragraph 2 of this Order. Respondent shall notify OFIR of any change in designation of the compliance officer within 30 days of such re-designation.

6. The Chief Deputy Commissioner retains jurisdiction over the matters contained herein and has the authority to issue such further order(s) as he shall deem just, necessary and appropriate in accordance with the Act.



Stephen R. Hilker
Chief Deputy Commissioner